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State Dept. declassification & release instructions on file

STATE, OIR, RECORD. EDATIONS FOR CHANGES IN 11 JUNE DRAFT OF NIE-32

Page 3: Add a sixth paragraph to the Conclusions:

6. Should Chinese operations in Korea continue indefinitely at present levels, a number of serious strains would eventually be expected, including:

a. The maintenance within China of increasingly larger policing and tax collecting organizations whose operations probably would arouse greater popular hostility;

b. the lessening of Chinese Communist prestige and maneuverability both at home and abroad due to the regime's failure in part because of shortages of trained manpower and economic resources, to carry out its programs of social change and economic reconstruction; and

c. a concomitant increase in Chinese Communist pressure upon the USSR to support a more decisive resolution of the Korean conflict.

Page 9, paragraph 12, last sentence:

..... There is  
whether material  
no information available to indicate/that shipments of/commodities  
with or  
have been furnished by the USSR/without compensation.

Page 11: After paragraph 16 add a new paragraph:

"17. Nevertheless, the war is likely to exert ~~significant economic~~ <sup>significant economic</sup> pressure on the USSR.

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X CIA has no objection to declass  
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pressure on the Chinese Communist regime. Raw material shortages will tend to impede current industrial production and thereby interfere with the exchange of commodities between urban and rural areas. In combination with the fiscal pressures associated with the prosecution of the war, these difficulties will seriously test the government's capacity to contain inflationary pressures and to collect grain from the rural areas without continuously increasing reliance on force."

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